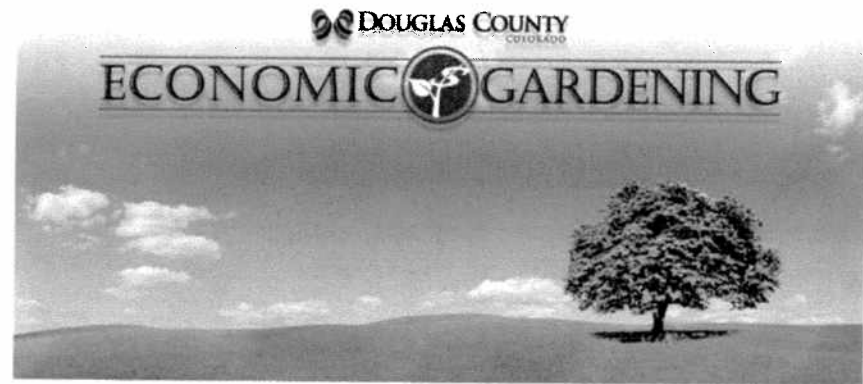

Entrepreneurs Grow Michigan's Economy

**MI House of Reps – Commerce Committee
March 24, 2010
Rob Fowler, President and CEO
Small Business Association of Michigan**

Three Economic Development Options

- Hunting vs. Gardening
 - Industry vs. Stage of Business
 - Strategic vs. Political (for lack of a better term)
-

Economic Development Strategies

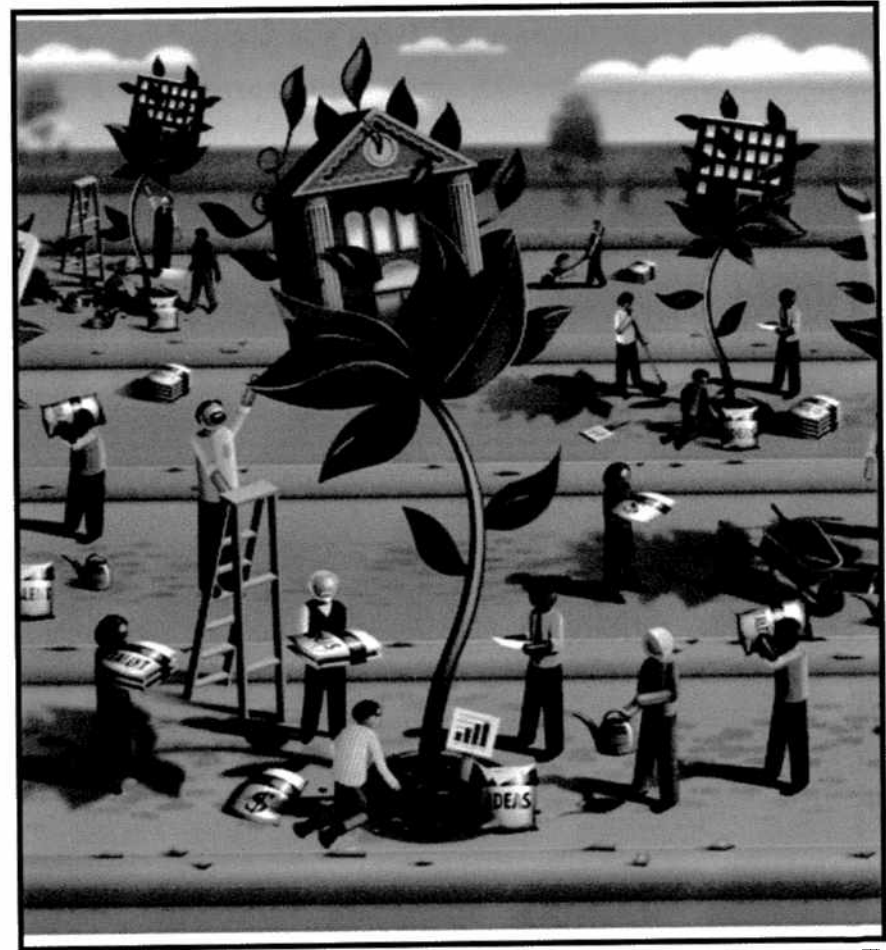


Hunting vs. Gardening

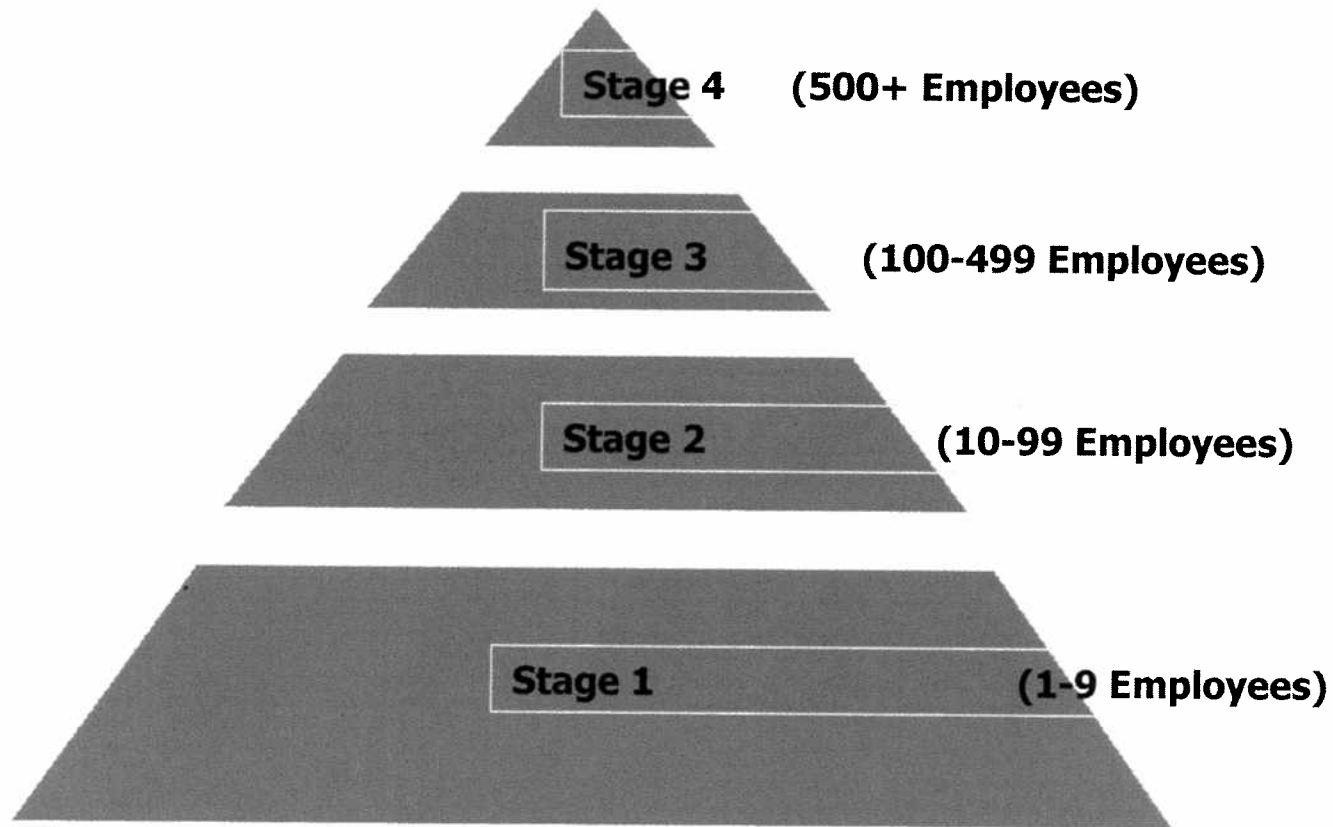
Economic Gardening

An Entrepreneur
Centered economic
growth strategy that
complements the
traditional practice of
recruitment.

Targeting expansion services to
growth companies for special
attention with high-end tools
and services.

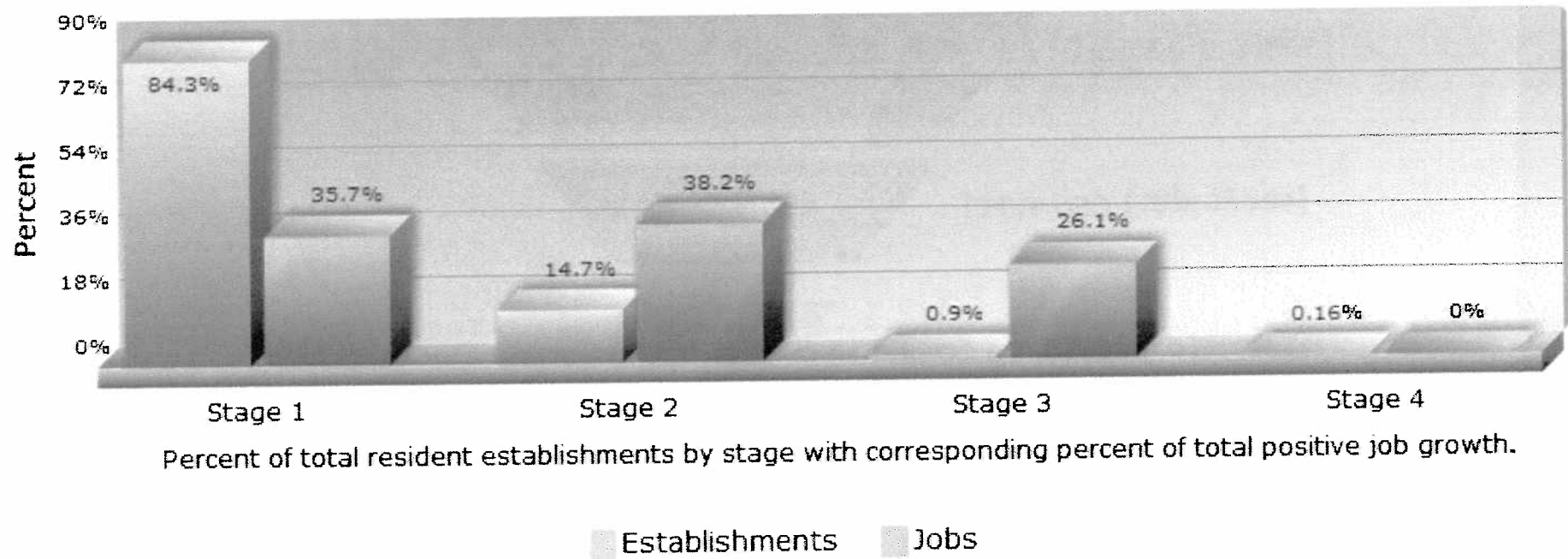


Business Stage Distribution



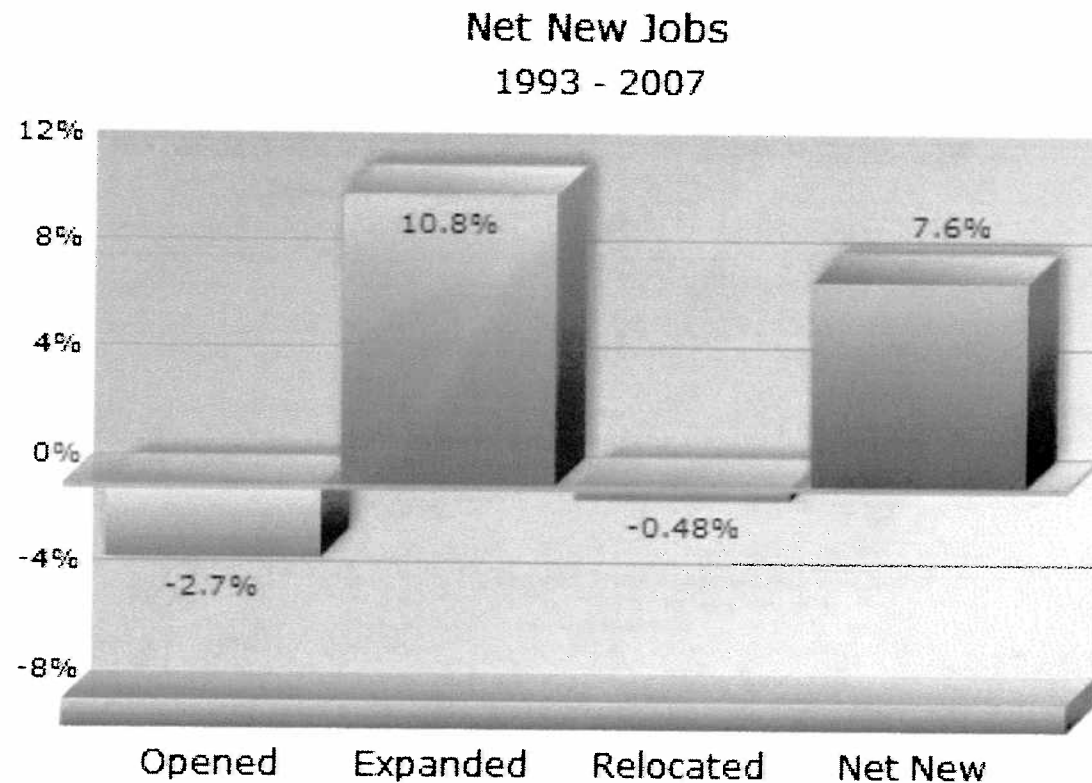
Where the Jobs Come From

Resident Job Growth (positive growth)
1993 - 2007



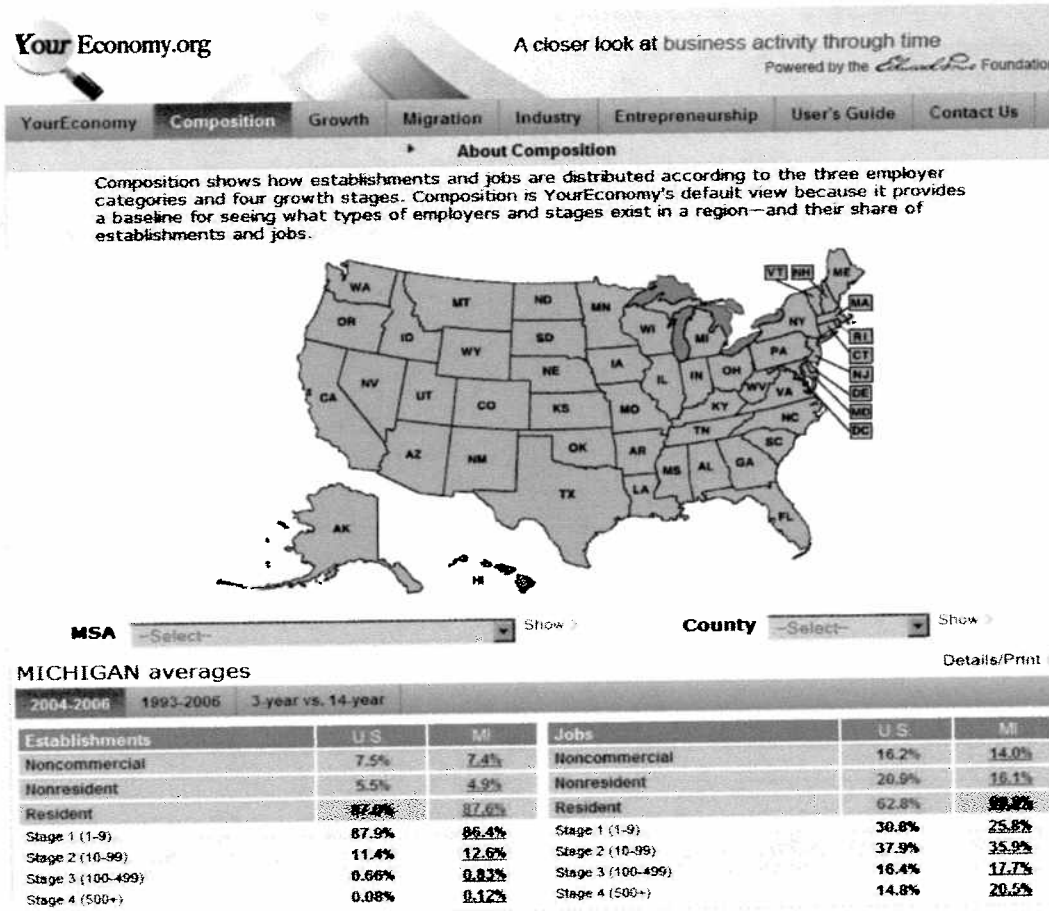
Jobs: Hunting vs. Gardening

Jobs 1993: 4,897,032 2007: 5,275,234



Percent net change in jobs from beginning of period
by opened, expanded and relocated establishments.

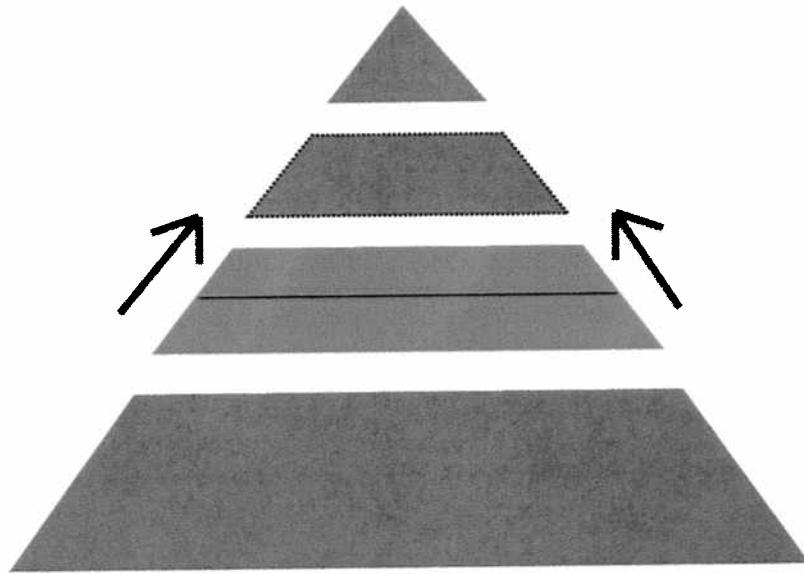
www.youreconomy.org



YourEconomy Data Created from the National Establishment Time Series (NETS) Database
Provided by the *Edward Lowe* Foundation and Walls & Associates

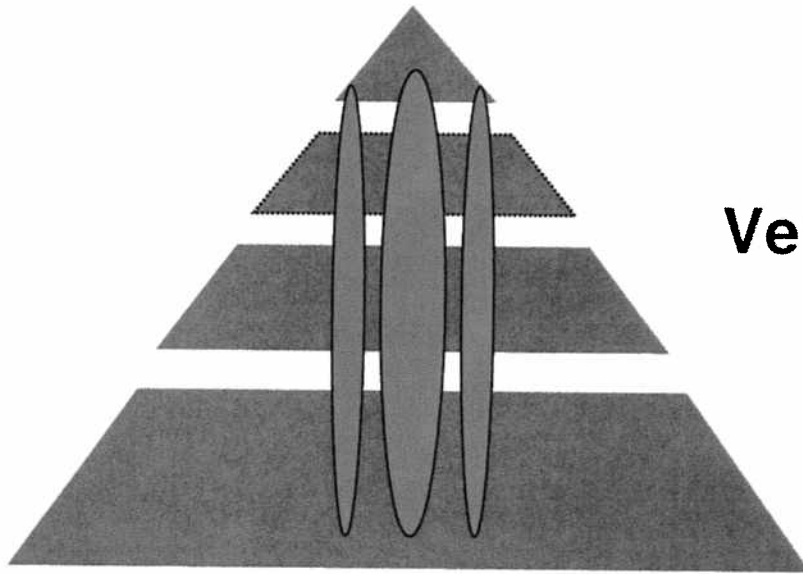
Targeting Industry vs. Stage of Growth

Stages of Development -



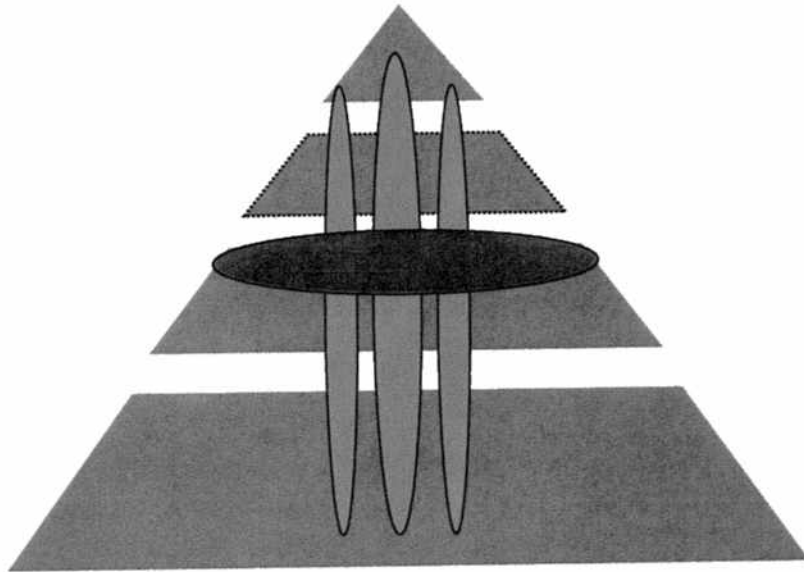
- Stage Four (500+)
 - Stage Three (100 to 499)
 - Stage Two (10 to 99)
 - Stage One (1 to 9)
-

Economic Development By Industry Clusters



**Vertical Industry Clusters
Cover all stages**

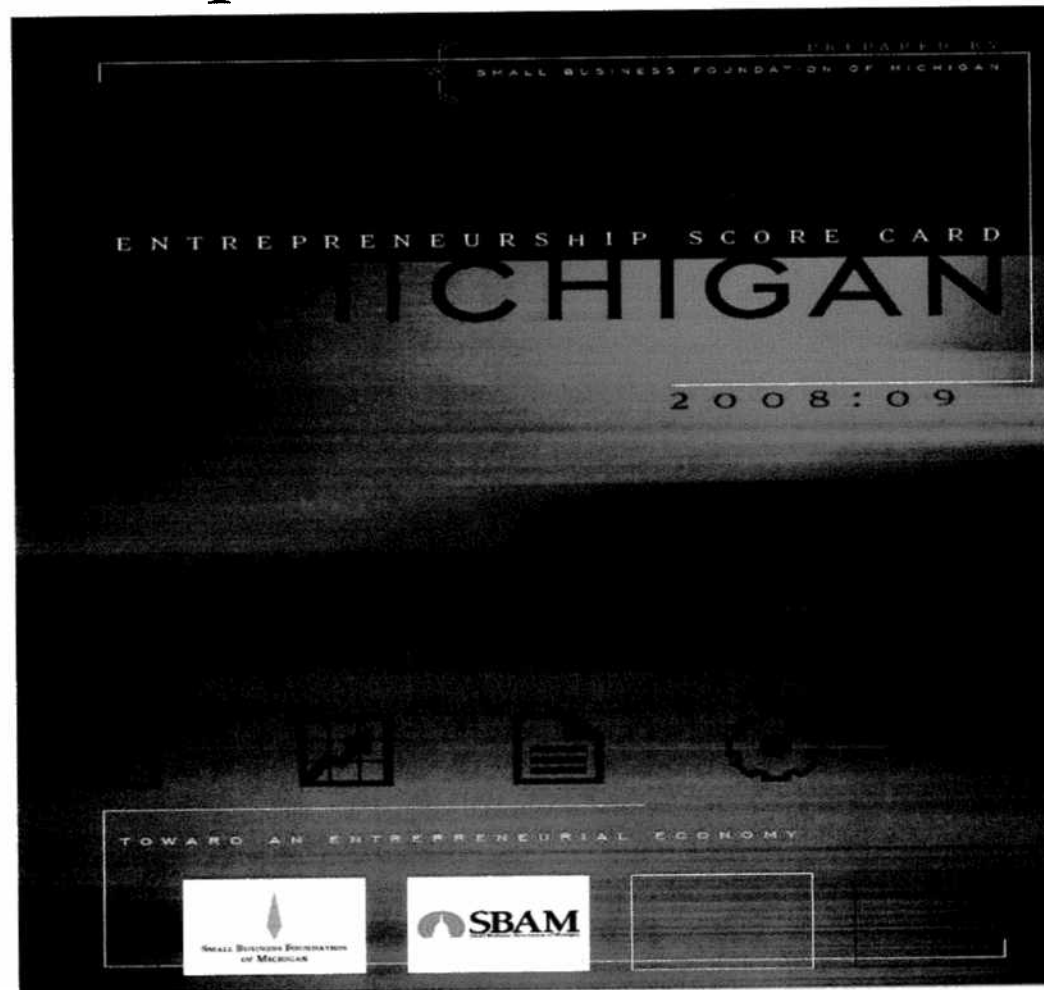
Horizontal Cluster – Stage of Business



**Vertical Industry Clusters
Versus
Horizontal High Growth
Second Stage Clusters**

Strategic Policy Development vs. ???

2008-2009 Entrepreneurship Scorecard



Some Interesting Findings

■ Growth in # of Small Bus.	■ 47
■ SB Payroll Growth	■ 50
■ Proprietor Income Growth	■ 26
■ Net Firm Entrants Increase	■ 5
■ Entrepreneurial Activity Index	■ 26
■ University Spinout Businesses	■ 20
■ SBIR Awards	■ 21
■ University R & D	■ 17
■ Patents Per R & D Dollar	■ 40
■ Industry R & D	■ 2
■ Venture Cap Financing	■ 32
■ Private Lending to SB	■ 3

More rankings...

■ Large Business Payroll Growth	■ 49
■ US News Undergraduate Reputation	■ 17
■ US News Top Graduate Programs	■ 4
■ High Tech Mfg. Employment	■ 1
■ High Tech Services Employment	■ 13
■ State Business Tax Structure	■ 49
■ Business Tax Burden	■ 28
■ Small Business Health Ins Premiums	■ 39

So What Should We Do About This?

Our To Do List

- Release 2009-2010 Entrepreneurial Scorecard – Early April
 - Review Second Stage Research
 - Study Results of Pilot Projects
 - Produce “Economic Gardening” Policy White Paper
 - Meet with Gubernatorial Candidates
 - Share with House and Senate Candidates
-

